

**Ag Outlook Forum  
“Promoting a Rural Renaissance”  
February 21, 2008**

**Thomas C. Dorr  
Under Secretary for Rural Development  
Plenary Session Remarks (10-12 minutes)**

**Thank you and good morning.**

**Let me say at the outset that it’s a distinct pleasure to be here this morning ... as well as a privilege to follow Chuck Conner, Joe Glauber, and Mark Keenum, and precede Ed Schafer.**

**I’m often accused of being an incurable optimist about rural America ... and I plead guilty to that accusation.**

**But if you listen closely to the Secretary , Deputy Secretary Conner, Joe Glauber, and Under Secretary Rey, you will hear many of the reasons why my optimism is well-founded.**

**At USDA Rural Development, we have adopted a phrase, “the Rural Renaissance,” to describe rural America today. “The Rural Renaissance” expresses both an emerging reality and a long-term goal.**

**Rural America is changing. That's not news to anyone here. We live it every day. One of our breakout panels will focus on defining rurality and exploring the implications of change. I hope you will join us.**

**Rural America is changing ... and in ways that open a window of extraordinary opportunity to rural Americans, both on and off the farm.**

**As you have already heard this morning, farm income, farm equity, and farm exports are at record highs. Farm equity now exceeds \$2 trillion, having more than doubled since 1999. This is a good time to be farming. But this is also a great time for the rest of rural America as well.**

**The rural economy is increasingly diversified. Rural America has 60 million people. About 2 million of them farm. Most of them do not farm – but the Rural Renaissance is a reality for them as well.**

**Some statistics: Out of more than 2100 non-metro counties, the largest number, 615, are counted by ERS as non-specialized ... that is, as having diversified economies not clearly dependent on any single sector.**

**Another 585 rural counties are manufacturing-dependent ... 403 are farming-dependent ... and the remainder rely on services, mining, or government. That is to say, fewer than 20% of non-metro counties today are still farming-dependent ... and the economic diversity is growing.**

**Broadband in particular is a game changer. It is the central nervous system of the Rural Renaissance. That's why it's a top priority for us.**

**When information moves at the speed of light ... when rural businesses have real-time access to technical, financial, legal, and marketing data ... when the world is just a click away ... the old rural barriers of time, distance, and isolation have been altered almost beyond recognition.**

**When you visit a place like Viking Range ... an internationally recognized industry leader located in a town of fewer than 20,000 people in the heart of the Mississippi Delta ... you realize things have changed.**

**When you witness a telemedicine demonstration ... in which medical center technology and expertise is being shared in real time via broadband with remote clinics from Minnesota to Mississippi to Appalachia ... you realize that rural no longer means doing without.**

**When you visit a custom steel fabrication shop in the middle of an Iowa cornfield ... a shop that takes orders and specifications online, loads everything into a computer, cuts by laser, and ships out overnight anywhere in the world ... you begin to realize there's virtually nothing we can't do in rural America today.**

**And when my 86 year-old mother back home in Marcus, Iowa, has gotten addicted to ordering books at Amazon and taking delivery from UPS two days later, you realize that what was cutting-edge just a decade ago is now as mainstream as apple pie. The Rural Renaissance isn't somewhere over the horizon. It's here and it's moving fast.**

**It is a cliché but it's true: broadband is transformative. Distributed computing and the internet shatter the barriers of distance and isolation. They enable distributed networks to compete. They give every rural business a window on the world. They enable rural communities to leverage their advantages of location and lower costs.**

**And they catalyze the growth of whole new industries ... rural industries ... based on distributed resources and predicated on the**

**ability, through distributed computing, to manage complexity and integrate seamlessly with distant vendors and markets.**

**Another factor in this Renaissance is renewable energy. Because of its siting and feedstock requirements, renewable energy is disproportionately rural energy. Since the beginning of this decade, we have already quadrupled ethanol production. We've built the world's second biggest biodiesel industry virtually from scratch. We've increased installed wind capacity sevenfold. We've multiplied solar photovoltaic sales tenfold.**

**From a standing start eight years ago, the United States now leads the world in biofuels. We lead the world in waste to energy, solar thermal, and geothermal. We've led the world in new wind capacity for three years running. Cellulosic ethanol is moving into production.**

**We ARE moving the needle ... and the opportunity is enormous:**

- The United States now pays more for imported oil than the total value of farm production. But that equation works both ways. If we can displace imported oil with biofuels, that is a sizeable new market.**

- **Agriculture is shifting from the familiar food-feed-fiber complex to food, feed, fiber, and fuel. Fuel is a new market unlike any that agriculture has ever had. It is, in fact, essentially open-ended. As a result we have, very suddenly, begun to shift from a farm economy dominated by chronic surpluses to a new regime of exponentially growing demand.**
- **Since the fall of the Berlin Wall, between 2 and 3 billion people have joined the world market system. We correctly anticipated the growing demand for food. That continues to drive farm exports and farm income. But we largely failed to anticipate the surge in energy demand as China, India, and other developing economies have taken off.**
- **China is now the world's second largest automotive market and a major oil importer. Energy markets will never be the same. And since BTU's and calories are now fungible, that means farming will never be the same. \$80, \$90, or \$100 a barrel oil is already revaluing everything from the price of corn flakes to the price of farm ground.**

- **Non-fuel biobased products are another new frontier. The growth potential is virtually unlimited as technologies improve and the price of oil drives feedstock substitution. It's too new to put a number on it, but virtually anything we currently make out of oil we can grow in the fields, once the price is right.**

**These are the opportunities. They are there for the taking. That is the challenge. At Rural Development, our associates ... both political and career ... have seen the opportunity, and we are in the midst of a major realignment ... consolidating offices, retraining staff, streamlining programs ... to reorient ourselves to these new markets. In so doing we have been able to consolidate facilities, allow attrition to reduce our ranks, while substantially increasing the total financial assistance that we provide.**

**Not many years ago, we were considered a lender of last resort. Today we are essentially an investment bank for rural America. Rural broadband, renewable energy, rural infrastructure, and Critical Access Hospitals are top priorities as we move into the new year.**

**But in the end, the Rural Renaissance will not be driven by us ... by government loans and grants. The \$2 trillion in farm equity I mentioned earlier is more than 1,000 times larger than our annual program budget. That tells you who is the tail and who is the dog.**

**The Rural Renaissance is a challenge and an opportunity, above all, for rural entrepreneurs. There are opportunities at every point in the value chain, for those who are ready to step up and lead.**

**It is a challenge for traditional rural lenders to invest in new businesses in order to encourage local ownership and control of the new industries we are building in our own backyards. Another of our breakout panels will focus on innovative business models and financing options to maximize returns to rural communities. It won't happen automatically.**

**The Rural Renaissance is also a challenge for state, local, and community leaders, who must address the myriad tax, regulatory, and logistical issues associated with new patterns of development – in many instances, in fact, regional development. Standing still ... as some will be tempted to do ... means the train will pass on by.**



**So in conclusion, I am an optimist about rural America because I believe we can and will rise to these challenges. I see it every day, in the projects that come across my desk ... and more importantly, in the new jobs, new hope, and new futures being built in rural communities across America.**

**The Rural Renaissance is partly a description, and partly a goal. It is a work in progress ... and we look forward to working with you to write the next chapters. Thank you.**